IN THE HIGH COURT OF JUDICATURE, ANDHRA PRADESH
AT HYDERABAD

(Special Original Jurisdiction)

TUESDAY, THE SEVENTH DAY OF SEPTEMBER
TWO THOUSAND AND FOUR

PRESENT

THE HON'BLE DR JUSTICE G.YETHIRAJULU

WRIT PETITION NO: 15910 of 2004

Between:

Tulja Bhavani Oil Mill Jogipet Village, Andole Mandal
Medak District rep by its proprietor Dekuri Joginath.

..... PETITIONER

AND

1 A.P.State Financial Corporation Chirag Ali Lane, Abids, Hyderabad
rep. by its Managing Director.
2 A.P.State Financial Corporation Sanga Reddy Branch, Medak District
rep. by its Branch Manager.
3 Dr.D.Narasimha Reddy S/o. Late Buchi Reddy
R/o. Jogipet Village, Andole Mandal, Medak District.

.....RESPONDENTS

Petition under Article 226 of the constitution of India praying that in the circumstances stated in the Affidavit filed herein the High Court will be pleased to issue a writ in the nature of writ of Mandamus or any other appropriate writ or writs, order or direction, declaring the action of the Respondents No.1 and 2 in seeking to finalize the tenders in respect of Sale of petitioner unit in favour of third respondent, pursuant to the advertisement published in daily newspaper on 14.7.2004, as illegal, arbitrary, without jurisdiction and consequently to set aside the same award costs.

Counsel for the Petitioner: MR.K.RAGHUVEER REDDY

Counsel for the Respondent Nos.1 & 2: MR.Y.N.LOHITA

Counsel for the Respondent No.3:

The Court at the stage of admission made the following:

HONOURABLE DR. JUSTICE G.YETHIRAJULU

WRIT PETITION NO.15910 OF 2004

ORDER:

The petitioner-Oil Mill, represented by its Proprietor, availed a loan of Rs.7.50 lakhs from the first respondent-Corporation in the year 1992 agreeing to repay the loan amount at the rate of Rs.34,000/- per quarter commencing from October, 1993.

2. The petitioner contends that he paid Rs.7,16,925/- till 1999. Thereafter the petitioner Mill became sick and he could not repay the further amount.

3. The grievance of the petitioner is that without issuing any notice to the petitioner, the respondents 1 and 2 brought the Mill for sale by notifying it in newspapers on 14-07-2004, and ultimately, the property was sold for Rs.18 lakhs. The petitioner further contends that the property including the land structures and the machinery fetch Rs.40 lakhs. If the sale is allowed to be confirmed, he is likely to suffer so much loss. The petitioner further contends that according to the statement made by the respondents, there is an outstanding amount of Rs.28 lakhs towards the loan. Though the petitioner is not in a position to pay the entire loan amount, he is prepared to pay Rs.10 lakhs within two weeks from the date of this order and requested for payment of the balance amount in easy installments.

4. The respondents 1 and 2 represented that the petitioner committed default in payment of the amount due under the loan and the unit became sick since 1999 due to non-maintaining of the schedule by the petitioner. The interest and penal interest accumulated on it reached to a tune of Rs.28 lakhs. Though the respondents 1 and 2 came forward to settle loan account of the petitioner on OTS, the petitioner, having agreed to one time settlement, issued a cheque without money in the bank, therefore, it was dishonoured. The respondents 1 and 2, therefore, abandoned the facility of OTS to the petitioner. The learned counsel for the respondents 1 and 2 further submitted that the sale of the unit was conducted for a sum of Rs.18 lakhs and when the matter is under consideration for delivering possession of the property on account of confirmation of the sale, the petitioner approached this Court through this petition requesting this Court to issue a direction to the respondents 1 and 2 not

to finalize the sale.

5 . The learned counsel for the petitioner submitted that since the petitioner unit was sick since 1999, he could not raise money for discharge of the loan amount and unless he is given an opportunity by permitting him to pay Rs.10 lakhs within two weeks and the rest of the amount in easy installments, he would suffer substantial loss due to sale of the unit for Rs.18 lakhs, which fetches in the open market not less than Rs.40 lakhs.

6. The learned counsel for the respondents disputed the market value of the property.

7. In the light of the circumstances explained by the petitioner, and in view of the offer made by the learned counsel for the petitioner for the settlement of the loan account, I am of the view that it would be appropriate in the interest of justice to save the unit, and to give an opportunity to the petitioner to prove his *bona fides*.

8 . The respondents are directed not to deliver the property to the purchaser on condition of the petitioner paying Rs.10 lakhs to the first respondent-Corporation within two weeks from today and the petitioner shall also arrange payment of the rest of the amount at the rate of Rs.1,00,000/- per month from the next month of the date of payment of Rs.10 lakhs. In the event the petitioner failing to adhere to the above schedule, the respondents 1 and 2 are at liberty to deliver the property to the purchaser.

9. The Writ Petition is accordingly disposed of. No order as to costs.

Dr. G.YETHIRAJULU, J

07th September, 2004

SKM

TO

1 The Managing Director A.P. State Financial Corporation

Chirag Ali Lane, Abids, Hyderabad.
2 The Branch Manager, A.P. State Financial Corporation,

Sanga Reddy Branch, Medak District.
4 Two C.D. Copies.